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C O N F I D E N T I A L SECTION 01 OF 03 BANGKOK 004041

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TAGS: [PGOV PHUM TH](#)

SUBJECT: STEAK WITH THAKSIN

REF: A. BANGKOK 03916 (WHAT'S THAKSIN UP TO?)
[1](#)B. BANGKOK 03538 (THAILAND CELEBRATES ITS KING)
[1](#)C. BANGKOK 03349 (NOODLES WITH THAKSIN)
[1](#)D. BANGKOK 02991 (MANICHAEAN STRUGGLE FOR THE SOUL
OF THAILAND)

Classified By: Ambassador Ralph L. Boyce, reason 1.4 (b) (d)

[1](#)1. (C) SUMMARY: Thaksin told me again that he would not be back as prime minister, but he still plans to lead his party to election victory before he steps down. I suggested that he could lower political tensions and preserve the option to return as PM in the future if he stepped down soon; he said that he might do that (or he might not.) Thaksin expressed no desire to be PM again, but seemed committed to staying on through the elections. Thaksin defended his lightly veiled attack on Privy Council president Prem as an effort at transparency, i.e., revealing the "unconstitutional" palace intrigue against him. He extolled his Thai Rak Thai as a model of democracy and said that his economic policies had made the rural population "richer and smarter" and therefore less beholden to the King. This was the root of the King's antipathy to him. Thaksin dismissed the threat from any opposition force. The Democrat party and the NGO opposition groups were weak, and the Army would not launch a coup. Thaksin suggested that we try to finish the Free Trade Agreement negotiations as soon as a new government is in place. Although Thaksin seems reconciled to retiring from political life over the next few years, he cannot seem to resist the urge to pick a fight with the Palace. His actions will keep political tensions dangerously high over the coming months, END SUMMARY

[1](#)2. (C) PM Thaksin invited me to lunch on July 7. He arrived at the restaurant looking relaxed. After a brief discussion of why the restaurant had no American beef (they claimed that the recently-lifted US beef ban was still in place, much to Thaksin's chagrin), we began a wide-ranging discussion of the current political situation. I started out raising Thaksin's inflammatory comments to civil servants last week, in which he described a "charismatic person" trying to overthrow the government (ref A). Although government and party spokesmen have tried to deny it, Thaksin freely admitted to me that he was referring to Privy Council President Prem. He said that he "wanted to flip on the lights and flush out the ghosts." It was wrong, and undemocratic, for Prem to work against the PM behind the scenes. Thaksin alleged that Prem was trying to influence various judges involved in the key cases pending, including by "dangling the prospect" of a privy council position before one of them. Thaksin again honed in on Prem's sexual orientation to criticize him in terms not fit for a family telegram.

¶13. (C) Turning to the highest profile case - the threatened dissolution of Thaksin's Thai Rak Thai (TRT) and the Democrat party -- Thaksin predicted that neither would be dissolved. He expected that the embattled Election Commission (EC) would resign shortly, and it would take some time to replace them. This might delay the election, currently scheduled for October 15. Thaksin felt that this delay was acceptable.

¶14. (C) Thaksin said he had a three stage plan. First, TRT would win the upcoming elections. Thaksin would not serve as PM, but another TRT figure would fill this position. Thaksin would remain as head of the party and MP. After about a year, Thaksin would step down from the party leadership, and about a year after that, would resign his MP slot. He would then start the "Pak Suk Niyom" -- the "Hedonist" Party.

¶15. (C) I asked, if he was planning to step down anyway, why not announce that now, and reduce the political tensions? Thaksin answered that he might do that; he was playing it day by day. I noted that his chances of coming back as PM in the more distant future would probably be improved if he stepped down now. I asked whether he would like to return as PM some day. He answered that, at this time, he wasn't particularly interested in being PM again. He was fairly fed up. He claimed, however, that he couldn't resign now, while the government was in caretaker mode, under Thai law. He completely dismissed the suggestion that he could not leave politics because he needed political position to protect against assets seizure. He said that he had not done anything wrong that would subject him to that kind of punishment. I urged him again to consider announcing soon that he would not

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be back as prime minister, to spare the country from the continuing political tension.

¶16. (C) Throughout this part of the conversation, Thaksin was quite combative, sprinkling threats to sue his opponents into his speech. I asked him about this, and whether he saw Lee Kwan Yew and Mahathir as his role models. Thaksin demurred, saying that not everything about Singapore and Malaysia was good.

¶17. (C) I told Thaksin that he had changed Thai politics forever. His party had made promises to the poor rural population, and then kept them, such as setting up the 30 baht health plan and the village funds. Thaksin launched into an attack on the King and his vaunted "sufficiency economy" model. Thaksin said that he was proud of his origins as "a peasant;" he had gotten ahead by managing debt and risk, and this was what the rural population needed to do. (Comment: Thaksin neglects to mention that it helps to have prominent relatives, marry well, and get advantageous government concessions from your friends. End comment.) Thaksin claimed that the policies advocated by the King kept the people poor, while TRT's policies had changed the countryside, making the people "smarter and richer" and less dependent on the King. This was part of the reason for the King's opposition to Thaksin (ref D).

NO COUPS

¶18. (C) I asked Thaksin about the coup rumors swirling recently. He said that he had met with Army Commander Sonthi and told him, "I promoted you to Army Commander, and I'd like you to stay in the job. But I need to know that you won't give in if anyone tries to get you to participate in a coup against me." Sonthi assured Thaksin, he said, that as a Muslim and therefore a moral person, he would never condone a coup. I asked about rumors that Thaksin's classmates from the military academy (class 10) might launch a coup on Thaksin's behalf. Thaksin insisted that he was defending the

constitution and would never allow this. He had his partisans in key coup-making positions only to prevent this kind of intervention.

THAI RAK THAI -- A MODEL OF DEMOCRACY

¶9. (C) I commented that Thaksin was lucky that the main opposition party was so weak. The Democrat Party had not capitalized on the opportunities presented by the current political situation, and was not coming up with new ideas for the upcoming campaign. Thaksin agreed. He said that the Democrat Party was hidebound and hierarchical. The current leader, Abhisit, was like the previous leader, Chuan -- passive and indecisive. The other opposition, the People's Alliance for Democracy, was also in a weak position. They hadn't succeeded in getting the government to step down. They might return to street demonstrations, but they wouldn't muster the same numbers they had before.

¶10. (C) Thaksin, without any discernible irony, lamented the weak state of Thai institutions. He said that Thai society was "stupid" and did not understand the importance of the rule of law. Thaksin understood this because he had studied it, and had gotten his Ph.D. in America. He extemporized on the importance of grass roots democracy, how the people tell the government what they need and the government delivers it through appropriate mechanisms. This was how TRT worked, he said, contrasting it with the old duffers on the Privy Council and their top-down view of government. I pointed out that TRT had its own problems with hierarchy, as reflected in the Free Trade Agreement negotiations. Thaksin had proposed the FTA, but his ministers had not toed the line. It required Thaksin's personal intervention to keep the negotiations moving. Thaksin brushed aside these comments, and instead insisted that it was still possible to complete the FTA, although he proposed changing the name to an Economic Partnership Agreement. I told him that we still needed to negotiate a comprehensive agreement, whatever it was called, and he agreed.

COMMENT - WHERE TO BEGIN?

¶11. (C) There's good news, bad news and some humor in our lunchtime conversation. Thaksin consistently says that he

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will step down after the election. This is good news, insofar as it could end the political turmoil. He seems unlikely to announce this anytime soon however, so the current uncertainty may continue until the elections, at least. Also good news: Thaksin did not ask for an appointment with President Bush at the UNGA, as we had anticipated. (He expressed appreciation for the President's prompt response to his letter, which I gave him.)

¶12. (C) In the larger context, the bad news is that Thaksin seems determined to keep picking a fight with the most respected institutions in the country. His glowing descriptions of TRT's democratic tradition are delusional -- his party members don't dare sneeze without Thaksin's approval -- and his description of the effects of TRT's populist policies overlooks negative effects they have, such as the troubling increase in consumer debt. Even given the genuine positive aspects of TRT policies, however, Thaksin is mistaken to think that he can win a showdown with the Palace.

In addition to the historical reverence for the King, the palace is widely viewed by civil society as providing the only counterweight to the excessive power that Thaksin has accrued, in part through the clever use of his enormous wealth to distort the political system. Thaksin's actions will keep political tensions dangerously high over the coming months.

BOYCE